

5 a cash depositing facility comprising a computer based cash management fund having depositing accounts into which said investors deposit funds, and from which said investors assign at least part of their deposited funds, known as assigned funds, for the opening of said contracts;

an automated real time screen trading system accessible by said investors using personal computers to trade contracts in said market place; and

10 a clearing house computer electronically linked to said cash depositing facility and said automated real time trading system;

a method of operating said clearing house computer in the contract exchange to control the operation of said market place, comprising the steps of:

15 requiring that each investor has sufficient assigned funds available to cover a proportion of the price of a contract, as determined by a leveraging ratio applied to that contract, before allowing that investor to open that contract;

20 creating an indivisible financial package contract between a first party investor that takes a long position in the contract and a second party investor that takes a short position in the contract, both of whom, as a result of the creation of said indivisible financial package contract, become the beneficial owners of the proceeds of a binding obligation requiring a cash settlement based on a settlement price of a specific quantity of a specified type of product at an agreed price, place and time;

trading contracts between first and second party investors who choose to trade;

25 recording incremental contract price changes causing the first and second party investors to gain or lose the entire change in the value of the contracts held, resulting from the price changes depending on whether they hold long positions or short positions;

30 transferring said entire value changed from the losing one of the first and second party investors assigned funds and into the gaining one of the first and second party investors assigned funds after each said trading event;

exercising said options to dispose of some or all of a first party or counter

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party investor's contracts when their assigned funds become insufficient to cover said proportion of the value of the contracts they hold after a trading event, but if it is not possible to dispose of the contracts, then when the value changes such that one of the first or second party investor's assigned funds are reduced to zero, closing all that investor's contracts at that price, and simultaneously closing all the contracts held by the other of the parties at the same price.

15. (New) A method according to Claim 14, wherein the step of exercising option rights to dispose of one of the first or second party investor's contracts in the market, a counter one of the first or second party enters the market to dispose of contracts at a price the same as one of the market parameters, then closing all the first and second party investor's contracts and the counter party contracts that are in the market at the same time at the counter one of the first and second party's price.

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16. (New) A method according to Claim 14, wherein the step of exercising option rights, if a first or second party investor has sufficient assigned funds to cover the proportion of the value of the contracts held, as determined by the leveraging ratio, at the last sale price but not at the price of one of the market parameters, and a counter one of the first and second parties enters the market at that market parameter to close a position, exercising said option rights to close sufficient of the non counter first or second party investor's contracts with the counter one of the first and second parties' contracts so that the non counter first or second investor no longer has insufficient funds to cover the proportion of the value of the contracts held at the price of that market parameter.

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REMARKS

Applicant has carefully reviewed the Office Action dated August 28, 2001. Reconsideration and favorable action is respectfully requested.

AMENDMENT AND RESPONSE

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